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I'm sure EXDIR
has already seen
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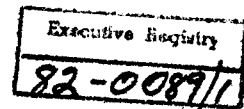
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DDI- 3337-82

19 April 1982



MEMORANDUM FOR THE RECORD

SUBJECT: Briefing of Mr. Leo Cherne, Vice Chairman
PFIAB, on Strengths and Weaknesses of the
Soviet Economy

1. On 16 April, [redacted] Chief, Soviet Trade Branch, SOVA, and I briefed Mr. Cherne and Admiral Sagerholm, Acting Executive Director, PFIAB, at EOB. Mr. Cherne opened the discussion by noting that there was a greater need than ever before for the intelligence community to provide "offensive" intelligence on the Soviet economy; that is, assessments of the full impact(s) of potential Western/US policies on the USSR. He indicated that PFIAB felt the intelligence community was perhaps less able to provide this kind of intelligence than they (PFIAB) would like and that PFIAB was likely to recommend to the President a beefing up of the intelligence effort to provide more focus on the Soviet economy "as a dynamic machine."

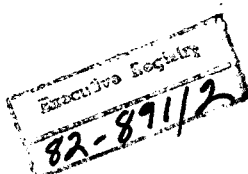
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2. I pointed out that over the past year we had made some progress in this area and that the reorganization within the DDI was facilitating more complete assessments of the interaction between political, military, and economic impacts. We attempted to illustrate this during the course of the substantive briefing by describing the potential effects of a Soviet hard currency crunch on their economic performance and resource allocation decisions during the throws of succession maneuvering.

3. Both Mr. Cherne and Admiral Sagerholm were interested in the configuration of the reorganized DDI and were somewhat dismayed that East European analysis was not in the same office with Soviet analysis. I indicated that this should not pose any insurmountable problems as long as analysts and managers remained in close contact, though I suspect I was less than convincing. //

4. Our discussion lasted about 90 minutes after which Mr. Cherne indicated that he would like a follow-up session to focus on our intelligence strengths and weaknesses in assessing the Soviet economy. Specifically, what issues are we analyzing

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versus what issues should we be analyzing, and what do we need (i.e., additional resources) to do the job. Admiral Sagerholm said he would be in touch to arrange a follow-up meeting and I suggested that he make the arrangements through [redacted] EA/ExDir.

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[redacted]

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Deputy Chief
Soviet Economy Division, SOVA

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